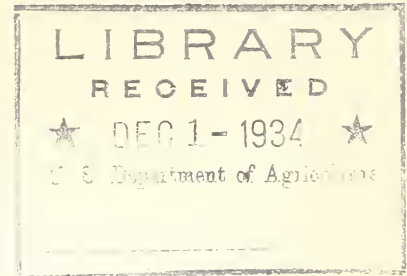


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UNITED STATES DEPARTMENT OF AGRICULTURE
Agricultural Adjustment Administration
Alfred D. Stedman, Assistant Administrator
Director, Division of Information and Records
Washington, D. C.



No. 52

November 10, 1934.

TO FARM JOURNAL EDITORS:

The following information is for your use.

DeWitt C. Wing and Francis A. Flood
DeWitt C. Wing and Francis A. Flood,
Specialists in Information

WHAT IS THE FARM SHARE OF THE NATIONAL INCOME?

At the Northeast States Agricultural Conference in New York November 8, 1934, Secretary of Agriculture Henry A. Wallace discussed "The National Agricultural Program in Relation to the Northeast". From his address the following excerpts relate to the farm share of the national income:

"Ever since the depression of 1921, our agricultural attitudes have been largely based on the belief that farmers were not getting their fair share of the national income. Farmers soon discovered, in the post-war decade, that agriculture was not getting as much of the national income as it did before the war, and anything less than that became, more or less automatically, unfair. Hence the Agricultural Adjustment Act of 1933, for instance, with its declared purpose that of giving farmers a larger share of the national income through the device of restoring pre-war parity prices.

"Only rarely, however, has there been discussion of the basic question, namely, what is a fair share of the national income? Is it 10 percent, or 15, or 20? Assuming, for a pleasant moment, that we can get whatever share is deemed fair, how can we be sure that 15 percent, say, is fair, but that anything above or below that is unfair?

"I would like to be able to offer...a neat and precise formula, but I can't, and I know of no one who can. We can, however, make some progress by agreeing upon even a general definition, and it will also be useful to examine the past course of farm income in relation to national income. That general definition must certainly include some reference to a decent standard of human living, to the maintenance of a balanced flow of production, to an adequate, or perhaps a maximum, consumption, and to the conservation of soil fertility."

"Having in mind the permanent welfare of our country, we might phrase the definition of "fair share" as follows: Farmers will have a fair share of the national income when their share is sufficient (1) to maintain a flow of

production in balance with the needs of a maximum consumption, (2) to provide for decent human living, and (3) to achieve these ends without impoverishing the soil.

"Examining the record of the past, we of course expect to find that the farmers' share of the national income has declined as farm population has become a smaller proportion of total population. In 1850, when 63 percent of the gainfully occupied in this country were occupied in agricultural pursuits, the share of the national income that went to agriculture was around 35 percent. In 1900, with 36 percent of all the gainfully employed on farms, the farm share of the national income was around 20 percent; in 1920, with 26 percent of the gainfully employed on farms, the farm share of the national income was about 14 percent; and in 1932, the farm share of the national income had dropped to less than 8 percent. At the present time it is probably around 9 1/2 percent.

"The most recent occupational statistics we have refer to 1930, when about 21 percent of the total working population were on farms. At present, because of urban unemployment and a consequent back-to-the-land movement during the depression, the proportion of the total working population on farms must be considerably higher, perhaps between 23 and 25 percent. This would mean, on the basis of past ratios, that the farm share of the national income should be in the neighborhood of 13 percent, instead of its present 9 1/2 percent. The long-time tendency apparently has been for the farmers' share of the national income to approximate a little more than half the percentage of the working population employed in agriculture. If 24 percent of the gainfully employed are now on farms, then the trend of the past would allocate for farmers at the present time about 13 percent of the national income.

"I am not saying that the relationships of the past can dictate the relationships of the present and future. Nor am I inferring that the farm share of the national income in the past has been fair, or adequate to provide that balanced flow of production to meet the needs of adequate consumption and protection of the farmer's soil and his standard of living. Everyone knows that this has rarely been the case, if ever. Certainly there are other groups in the population whose share of the national income is wholly out of proportion to their numerical strength. No doubt certain occupational groups, small in number, have many times as much of the national income as their percentage of the gainfully employed would suggest. It may be that some occupations deserve more of the national income than others, but that is beside the point: the point is, what share of the national income can the nation afford to permit a given group to possess, if there is to be economic and social stability? It becomes even more pressing than this, for in the life of most of the nations of the world, including our own, there are times when it is necessary to decide the question on the urgent ground of preservation as a nation.

"In this country much of our economic history has an earlier counterpart in Europe. Here, as in Europe in times past, a tremendous industrial development has precipitated in new forms the old question of relationships between town and country. The question has never been satisfactorily settled, the relationships have never "jelled" in a form satisfactory to our farmers, perhaps because they have been induced to accept rugged individualism, fresh country air and sunshine, as substitutes for a larger share of the national income. Certainly the most careful observers of Europe's past have never, to my knowledge, noted any

extensive period when agriculture got more than its fair share of the national income. On the contrary, they have noted and emphasized repeatedly just the reverse....Adam Smith, in the introduction to his 'The Wealth of Nations' wrote: 'Since the downfall of the Roman Empire, the policy of Europe has been more favorable to arts, manufactures, and commerce, the industry of towns, than to agriculture, the industry of the country.'

"George W. Russell, the 'AE' of Irish fame, wrote a number of years ago: 'The Children in the House have never acted fairly by the Children in the Fields. They have been trying indeed to do so lately; but they are acting ignorantly, because the Children in the House, who arrange everything, do not really understand how to arrange life for the Children in the Fields, and there are long centuries of neglect to make up, and for long centuries the wealth of the world has poured into the cities....Reactions take place inevitably, even if they occupy vast periods of time; and the reaction against the domination of the town has begun over the world. There is an immense social change taking place: part of this change is the organization of farmers to protect themselves and their industry, and this organization, when complete, will shift the centre of power to the country from the town where it has been too long.'

"Largely as a result of the policies adopted in 1933, the downward trend in the farmers' share of the national income has been reversed, but agriculture is still short of its normal share. Before we can consider that we have attained even the traditional balance between agriculture and other industries, the farm percentage of the national income should be perhaps 3 or 4 points higher than at present. With the national income at the present time running around 50 billion dollars annually, this would mean a farm income about 2 billion dollars, or nearly 40 percent, above its probable 1934 level. This would be an increase approximately equal to the increase of 1934 over 1932.

"But if the national income rises from 50 billion to around 70 billion dollars, what should agriculture's share be? If that level of national income is to be maintained and made practicable, the farm share will have to go up from its present 9 1/2 percent to nearer 15 percent. In other words, of the 20-billion-dollar increase in national income, one-fourth, or about five billion dollars, must come to agriculture. Unless that happens, the higher national level of income simply cannot be maintained for any great length of time. Our experience in the post-war decade, not to mention in other periods, ought to demonstrate that. And such an increase in farm income will mean, as it has meant during the past year, less urban unemployment by virtue of an increased rural demand and purchasing power for urban goods; it may mean higher prices for some products, but it will also mean larger incomes with which to pay the higher prices; it may mean higher feed prices for eastern farmers, but it will also mean higher prices for the things produced on this feed.

"While such an addition to the farmers' income would result in improving the farmers' standard of living and restore a little more than the historic ratio between agriculture and industry, I question whether it would last unless it were accompanied by some control over, or at least coordination of, the expansion in agricultural production. Without such control, it is almost inevitable that the higher prices for farm products would again invite huge

surpluses and another agricultural price depression. Without such control, the recurring cycles of over-production and under-production in hogs, cattle, cotton, potatoes, etc., would promptly reappear. Our hopes for agriculture are bound up with the need for maintaining a workable balance between production and consumption."

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THE DRIVE FOR RECOVERY

Chester C. Davis, Administrator of the Agricultural Adjustment Act, in a statement appearing in the Consumers' Guide for October 15, 1934, says:

"In this drive for general recovery, we must constantly remember that purchasing power of farmers and purchasing power of industrial workers must both be restored, and that each is dependent on the other. Efforts to revive both must be carried on simultaneously....

"Within the last 10 months, one of the most positive factors in the drive for recovery has been the increase in farm purchasing power. This has continued in the face of brief periods of declining industrial activity and has helped to cushion the effects of such period. The farm recovery has been most marked in those areas producing commodities for export markets --- areas which are least dependent on domestic industrial recovery. I refer to the cotton, tobacco, and grain farmers.

"But it is apparent that agricultural recovery cannot go much further without further improvement in demand. In part, we must look to the restoration of markets abroad, and, in part, to further industrial recovery at home. These twin problems must be squarely faced by anyone who wishes to see the country restored to full economic health. We must work for improved demand from consumers at home and abroad."

(The Consumers' Guide is issued by the Consumers' Counsel of the Agricultural Adjustment Administration, Washington, D.C.)

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COTTON GROWERS TO VOTE ON BANKHEAD ACT

The South's cotton producers will be given the opportunity to vote sometime in December on whether the Bankhead Cotton Control Act will be continued into the 1935 season. The exact date of the southwide referendum has not been fixed but will depend on the completion of the task of getting the ballot forms, printed information and tally sheets into the field. The form of the ballot and regulations governing the referendum have been approved and sent to the printer. The date for the referendum, which will be uniform throughout the Cotton Belt, will be fixed when the supplies have been printed and distributed to the local committees which will conduct the referendum.

The question which will be submitted to cotton farmers is as follows:

"Are you in favor of continuing the Bankhead Act for next year (June 1, 1935 to May 31, 1936)?"

In a footnote to the question as stated on the ballot is the explanation that "continuance of the Bankhead Act means that a tax will continue to be levied on the ginning of cotton in excess of the allotment made to meet the probable market requirements." (A copy of the ballot form is attached)

With each ballot, a statement from the Secretary of Agriculture will be given cotton farmers, defining the Adjustment Administration's impartial attitude in the referendum. Secretary Wallace urges cotton farmers to "examine carefully all the facts and reach a decision based upon considered judgment as to whether the Bankhead Act is needed to assure attainment of the objectives of the cotton adjustment program." He emphasizes in his statement that the Administration is not seeking to impose its views upon producers, adding that "it is for cotton farmers to choose."

The referendum will be conducted by the machinery that is now set up in the field under the production control associations. However, a special referendum committee will be selected in each of the communities where polling places will be located. It is estimated by the cotton production section of the Adjustment Administration that there probably will be about 8,000 polling places throughout the Cotton Belt. The hours for balloting at each of these polling places will be from 8 a.m. until 6 p.m. on the date to be announced later.

The ballots will be secret. The returns will be compiled on tally sheets and forwarded to the office of the county agent, who will compile the county totals. The county agent will then send a certified copy of the returns to the office of the state allotment board and another copy to the Adjustment Administration. Results within each county will be publicly announced as soon as the tabulation is completed.

Instructions to the community referendum committees have been prepared and provide that these committees "shall conduct the referendum in a fair and unbiased manner" and that "a ballot form shall be issued to each producer who is eligible to vote and requests a ballot form."

The test for eligibility to vote in the referendum is defined in the Act as those "persons who have the legal or equitable right as owner, tenant, share-cropper, or otherwise to produce cotton on any cotton farm, or part thereof, in the United States for the crop year 1935-1936."

The Bankhead Act provides that it will be continued in effect with respect to the crop year 1935-36 if the President finds and proclaims that the economic emergency in cotton production and marketing will continue or is likely to continue to exist so that the application of the Act with respect to the crop year 1935-36 is imperative in order to carry out the declared policy of the Act.

If the Act is continued in effect for the crop year 1935-36 as a result of such a finding and proclamation by the President, then the tax on cotton in excess of quantities allotted to meet probable market requirements will be continued in effect if the Secretary finds that two-thirds of the persons who have the legal or equitable right as owner, tenant, share-cropper, or otherwise to produce cotton on any cotton farm, or part thereof, in the United States for the crop year 1935-36 favor the levy of the tax.

A pamphlet which has been prepared for distribution to cotton producers prior to the balloting, contains an explanation of the Bankhead Act and its operation. This pamphlet enumerates the following points that should be borne in mind by cotton farmers in determining their votes on continuing the Bankhead Act for 1935-36.

1. Irrespective of the decision of cotton farmers on the Bankhead Act, the 1935 cotton adjustment program, with its rental and parity payments to voluntary cooperators, will continue. The Secretary of Agriculture has announced that, under the terms of the 1934-35 cotton acreage reduction contract, he will continue adjustment into the 1935-1936 season.

Moreover, cotton producers who did not sign a 1934-1935 Cotton Acreage Reduction Contract last spring will be given the opportunity to join the cotton adjustment program for the 1935 season.

2. It is the estimate of the Adjustment Administration that under the voluntary program but without the Bankhead Act in effect for the 1935-36 crop year, total production probably would be about a million bales more than total production would be if the Bankhead Act were in effect.

3. Surplus tax exemption certificates - that is, certificates, for the 1934-1935 season which remain in the hands of producers - can be used for the 1935-1936 season in the event the Bankhead Act is made effective for that season. All certificates outstanding at the end of the cotton ginning season will be recalled and in their stead new certificates of a different color and appearance will be issued for the 1935-1936 season in the event the Bankhead Act is made effective for 1935.

4. The total allotment under the Bankhead Act for 1935-1936, in the event it is made effective, is not fixed in the Act but will be determined by the Secretary of Agriculture after investigation of the available supply and probable market requirements and a determination of "the quantity of cotton that should be allotted, in accordance with the policy declared in section 1."

5. In the event the Bankhead Act is made effective for 1935-1936 and after the total allotment is fixed, allotments will be made, under the terms of the Act, upon one of the bases outlined in Section 7 (a) (2) and (3) of the Bankhead Act. The Secretary of Agriculture, in determining the manner of allotment to individual farmers, will provide that farmers who have reduced their cotton acreage voluntarily shall not be penalized in favor of those farmers who have not done so.

6. Those having a right to express themselves upon the question as to whether the Bankhead Act shall be effective for the 1935-1936 season are defined in the Act as those persons who "have the legal or equitable right as owner, tenant, share-cropper, or otherwise to produce cotton on any cotton farm, or part thereof, in the United States" for the crop year 1935-1936.

#

CLOSING DATE FOR SURRENDER OF TAX-EXEMPT COTTON CERTIFICATES

The surplus cotton tax-exemption certificate pool will not accept surrender of surplus certificates after Saturday November 24, 1934, the Adjustment Administration has announced, although certificates may be purchased from the pool so long as there is sufficient demand to warrant keeping it in operation for this purpose.

Previously the administration had announced November 10 as a tentative date for closing the pool for receipt of surplus certificates, but at the request of some producers the closing date was extended for 14 days.

E. L. Deal, manager of the pool, said it was felt this 14-day extension would give all holders of surplus certificates, who wish to turn them into the pool, time in which to do so. Producers who have not yet completed ginning their cotton should be able to estimate by November 24 whether they expect to have surplus tax-exemption certificates for surrender to the pool, Mr. Deal said. The tax-exemption certificates are issued under the Bankhead Cotton Marketing Act.

The pool expects to have on hand on the final date enough surplus certificates to fill all future orders. A closing date is yet to be fixed for the purchase of certificates from the pool. However, Mr. Deal said he was anxious to close the entire pool as soon as possible so that prompt distribution of money for certificates sold may be made to producers who turned them in to the pool.

Producers will be paid approximately \$20 a bale for all certificates sold through the pool. When the pool is liquidated, each producer will be returned his share of any certificates the pool does not sell. These may be used next year if the Bankhead Act is effective for 1935.

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INVALIDLY TRANSFERRED COTTON TAX-EXEMPT CERTIFICATES TO BE CANCELLED

The cancellation of all invalidly transferred Bankhead cotton tax-exemption certificates is provided for in an amendment to regulations under the Bankhead Act signed by Secretary Wallace. In the event the Bankhead Act is made effective for the 1935 season, all tax-exemption certificates in excess of this year's needs may be exchanged for certificates good for 1935. Because

of this feature of the Act, full information on the proper methods of exchange was made public several weeks ago.

Since any transfer or assignment of a certificate, or a portion thereof, not made in accordance with the regulations prescribed by the Secretary is invalid, it was decided to cancel all invalidly transferred certificates for the protection of producers who follow the proper transfer procedure.

The amendment to the regulations designates the chief of the cotton production section, Cully A. Cobb, as the agent of the Secretary for the purpose of cancelling certificates which have been invalidly transferred.

Upon cancellation of a certificate, the chief of the section shall give notice of the cancellation direct to the Commissioner of Internal Revenue who will advise collectors of internal revenue; to the county agent for the county in which the certificate was originally distributed; to the county agent for the county within which the person to whom the certificate was invalidly transferred resides; to the person to whom the certificate was originally issued; to the person who made the invalid transfer if he was not the person to whom it was originally issued, and to the person to whom it was invalidly transferred.

Any county agent notified of a cancellation within his county shall immediately notify each ginner of his county of the fact of such cancellation. He also must notify the county agent of each adjoining county, who in turn shall promptly notify each ginner in his county. The notices required in the regulations shall all be in writing.

Cancellation in this manner shall have full force and effect even though the certificate, or portion thereof, is not physically cancelled and shall be effective whether or not notice thereof is received by any party who may be concerned provided such notice is received by the Commissioner of Internal Revenue. The appearance of a certificate in a county or a state in which it was not issued should put a ginner on notice of a possible illegal transfer.

Any ginner accepting invalid certificates is liable to the Bureau of Internal Revenue for the full amount of tax on the cotton covered by invalid certificates.

Cotton tax-exemption certificates may be validly transferred only through the national surplus cotton tax-exemption certificate pool except when the transfer is made within a county. Certificates issued from the National Pool are printed in red ink and therefore are easily identified. All transfers, however, should be handled through the county assistant in cotton adjustment.

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TO REPRESENT U.S. AT BUDAPEST WHEAT MEETING

Loyd V. Steere, United States agricultural attache' at Berlin, has sailed from New York as one of the representatives of the United States at the regular meeting of the International Wheat Advisory Committee, which opens at Budapest, Hungary, on November 20. Hon. John V. A. MacMurray, American Minister stationed at Latvia, will go direct to Budapest to head the American delegation.

Mr. Steere attended the 1933 London conference which resulted in the International Wheat Agreement, and has also been present as technical adviser at subsequent meetings of the committee. The President has approved his appointment as a full representative of the United States.

Matters for consideration at this conference include discussion by the principal exporting nations of a proposal to maintain wheat acreage in 1935 at not above the acreages planted in 1934, and also revision of the present export quota arrangement to provide greater flexibility. The production control features of the existing international agreement apply only to the 1934 crop.

Agreement upon these points at the coming meetings is considered important, as the limitations on production in the existing agreement applied only to 1934. Any extension of the agreement would affect plantings for the 1935-36 crop in the southern Hemisphere, and for the United States and Canadian spring wheat crop. United States producers who planted approximately 80 percent of the average United States plantings from 1930-32 are under adjustment contracts to hold their plantings for the 1935-36 crop year to 90 percent of this base acreage. Data on plantings by non-contracting farmers, however, will not be available until the December Government crop report.

Reports at the August meeting of the committee in London showed that the principal exporting countries had made reductions in planted acreage in 1934 from the 1931-33 average as follows: United States, 12 percent; Australia, over 15 percent; Canada, 10 1/2 percent; and Argentina, 5 percent.

The wheat meeting delegates will urge maintaining the status quo in wheat acreage in order to prevent a recurrence of the heavy world surplus stocks which have acted as a depressing influence on world prices. Although the drought of the 1934-35 season brought about a reduction of surplus stocks, it is realized that the world's potential productive capacity is still excessive and that agreement among the principal producing nations is essential to avoid new and burdensome surpluses.

Although the second-year export quotas of the original London agreement are in effect, the United States delegates will favor revisions introducing greater flexibility into the system. With greater flexibility, it will be possible to care for unexpectedly large crops in individual nations by shifting the quotas and still keep within the established world trade quotas.

Mr. Steere has been in the United States on leave and will return to his Berlin office after the Budapest conference.

Frederick E. Murphy, publisher of The Minneapolis Tribune, who headed the United States delegation at the time the original wheat agreement was signed, was also invited to participate in the Budapest conference, but was unable to attend.

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TOPEKA, KANSAS, MILK LICENSE APPROVED

A license for the milk sales area of Topeka, Kan., became effective November 10. Issued after a public hearing and a series of conferences with agencies on the market, the license has been drafted to meet conditions on a market without a base and surplus plan, and without country stations or transportation adjustments. It contains a schedule of prices payable to producers f.o.b. distributors' plants and an equalization pool supervised by a bonded market administrator, to be named by the Secretary of Agriculture, as well as minimum resale prices for milk.

Distributors are obligated to pay producers for milk according to the uses to which it is put, as follows: Class 1 whole milk, sold wholesale or retail, bottled or bulk, 60 cents a pound of butterfat in the milk; Class 2 milk, for use as cream, flavored milk, creamed cottage cheese and buttermilk, the average wholesale price per pound of 92 score Chicago butter, plus 20 per cent, plus 10 cents per pound of butterfat; Class 3 milk, or that in excess of the other classes, the Chicago 92 score butter price plus 5 cents a pound of butterfat. Previous prices paid producers in recent years have varied from 30 to 40 cents a pound of butterfat in Class 1 milk.

Producers will receive a blended pool price for milk, computed by the market administrator on the basis of regular reports required from all distributors. Producer-distributors are exempt from the pool account on their production and sales, except on such milk as they sell in bulk to other distributors, for which the seller is debited at the Class 1 price and credited at the Class 3 price in the general pool fund.

To maintain the office of the administrator, uniform payments are required from all producers and producer-distributors, equal to 2 cents per 100 pounds of milk sold. In a separate fund to be used solely for rendering market services, such as check-testing and weighing, information, and credit protection, the administrator collects 3 cents per 100 pounds of milk from producers selling to commercial distributors. The administrator may pay this deduction to any cooperative association rendering satisfactory services of this character to its members, and he may waive any part of the maximum deductions if desirable when the funds are more than ample to meet requirements, and pro-rate such balances to producers.

There are two existing cooperative producers' associations on the Topeka market--the Topeka Milk Producers' Cooperative Association, organized in 1929, and the Shawnee County Milk Producers' Association, formed in 1934. Topeka has a modified United States Public Health service milk ordinance in effect, which limits sale of milk for direct consumption to Grade A and furnishes inspection service on farms within a radius of 20 miles of the city.

No restrictions are placed in the license on new producers, and the market is open to all producers in the area, always subject to the local health regulations.

The minimum resale prices named in the license are limited to milk. They are 9 cents a quart retail and 8 cents wholesale, and 5 cents a pint retail and 4 1/2 cents wholesale.

The sales area defined in the license includes two townships of Shawnee County, which embrace all of the city of Topeka, and its suburbs, with a total population of about 75,000. The production zone is largely a grazing region, with production varying according to seasonal conditions, running as high as 40 per cent variation from low to high points of production. Severe drought conditions may be reflected in scarcity of winter feed supplies during the next few months, with the possible necessity of importing considerable hay and grain at prices above normal.

The usual protective features for stability on the market are carried in the license. The books and records of distributors may be confidentially examined by the market administrator when desirable; the producers' associations and the administrator are guaranteed the privilege of check sampling, testing and weighing milk to verify statements rendered to producers; while distributors must either furnish bonds or suitable evidence of solvency or make advance deposits to insure prompt payment for milk purchased, and likewise may not transact business with other distributors known by them to be violating the license.

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MILK LICENSE FOR PHOENIX, ARIZONA

Following public hearing and at the request of the Arizona Milk Producers, Inc., and other agencies on the market, a license for the milk sales area of Phoenix, Ariz., has been approved and went into effect November 10.

The license is drafted to meet conditions on a market without a base and surplus market plan, with provision for use of such a plan at a later date, if desirable. It contains an equalization pool with established prices payable alike to all producers by distributors for milk according to its actual use, f.o.b. the sales area.

The license will be supervised by a bonded market administrator named by the Secretary of Agriculture. A schedule of minimum resale prices for both milk and cream appears in the license. Phoenix and its suburbs and some adjacent territory are the sales area defined in the license.

Distributors are obligated to pay producers as follows according to the use made of the milk which they sell: Class 1 milk, for sale as whole milk, bottled or bulk, wholesale or retail, 50 cents a pound of butterfat in the milk; Class 2 milk, used for cream, the average wholesale price of Los Angeles 92 score butter per pound, plus 20 per cent, plus 10 cents a pound of butterfat;

and Class 3 milk, or that in excess of the other classes, the Los Angeles butter price plus 2 cents a pound of butterfat.

The price for Class 1 milk of 50 cents a pound of butterfat represents an increase over previous prices. From December, 1932, to July, 1934, producers have received an average of about 36 cents a pound of butterfat; during one milk-war period of 1932, they got 25 cents a pound of butterfat.

Producers will receive under the license a blended pool price for milk computed by the market administrator from required reports by distributors on the basis of the established schedule. Milk produced and sold by producer-distributors, who sell about 50 per cent of the total volume to consumers, will be exempt from the pool computations, except such milk as they may sell in bulk to other distributors. On this milk the seller will be debited in the pool at the Class 1 price and credited at the Class 3 price. Provisions in the license permit producer-distributors to come into the general pool if and when they desire.

To maintain the office of the market administrator all producers and producer-distributors will pay 2 cents per 100 pounds of milk sold. An additional 3 cents per 100 pounds of milk sold by producers to commercial distributors will be deducted from payments to those who are not receiving market services from any existing cooperative producers' association. This fund will be kept separate by the administrator and used to provide market information, check-testing, weighing, and credit protection. The administrator may waive part of any deduction if the sum on hand is more than sufficient to perform the necessary services, and pro rate the balance to producers.

There are two classes of milk on which minimum resale prices are established in the license, as follows: On milk which tests 4.4 per cent butterfat or less, 8 cents a quart retail and 7 cents wholesale; and on milk which tests more than 4.4 per cent fat, 9 cents a quart retail and 8 cents wholesale.

Minimum resale prices for cream are as follows: For cream testing 30 per cent fat or less, 28 cents a quart and 16 cents a pint retail, and 26 cents and 15 cents wholesale, respectively; for cream testing from 30 to 40 per cent fat, 38 cents a quart and 21 cents a pint retail and 35 cents a quart and 19 cents a pint wholesale; for cream testing over 40 per cent fat, 46 cents a quart and 25 cents a pint retail, and 43 cents and 23 cents, respectively, at wholesale.

New producers who market milk in the sales area are obliged to accept the Class 3 or excess milk price for a period of 90 days after coming on the market.

The license carries the usual protective features to stabilize and equalize the market. The administrator may examine in confidence the books and records of distributors, maintain an adjustment fund to insure equal treatment for all distributors on the market in respect to purchases and sales, and he is guaranteed the right to check-test and weigh milk to verify statements made to producers. The administrator is empowered to set aside a reserve fund to insure the proper settlement of each pool, such fund to be within specified limitations in respect to the total value of the milk reported by distributors.

Distributors are obligated to furnish bonds or other adequate security, or else make advance periodic payments to meet sums due producers for milk. They are not permitted to transact business with other distributors known to be violating the license. Prior contracts made by distributors are superceded by the terms of the license, if found inconsistent.

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THREE MILK MARKET ADMINISTRATORS NAMED

Max M. Morehouse, milk market administrator at Kansas City, Wichita and Leavenworth, Kan., under the licenses of the Adjustment Administration, has been named market administrator for the new license at Topeka, Kan. He will take up his duties under the appointment effective November 10.

John S. Malone, former market administrator for the Oklahoma City, Okla., milk license area, will be transferred to be market administrator for the license at Phoenix, Arizona. His appointment is effective November 10, at which time his official duties at Oklahoma City are terminated.

Alfred W. Howard, Tulsa milk market administrator, has been named administrator of the Oklahoma City license. The license there is not in active operation, owing to an injunction.

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REPORT FIRST PURCHASES OF PEANUT FOR OIL USE

In its first report on the progress of the peanut adjustment program, the Adjustment Administration has announced that during October oil millers purchased from the 1934 crop approximately 28,000 tons of farmers' stock peanuts for oil crushing purposes. This is 5.3 per cent of the total indicated 1934 crop.

The program, in addition to adjustment of acreage in 1935, includes a plan for adjusting the supply of peanuts available for cleaning and shelling from the current crop by making payments to encourage use of farmers' stock peanuts in the manufacture of peanut oil. These payments may be made direct to contracting producers who divert a portion of their crop from the shelled goods trade, or they may be made direct to oil manufacturers who pass them on to growers in the form of higher prices for farmers' stock peanuts used for oil.

This plan enables oil manufacturers to increase prices paid for farmers' stock peanuts above their value for oil by the amount of payments available under the program. The plan does not require that any farmers' stock peanuts be sold to oil manufacturers. The quantity that will go to this use will be determined by the prices which cleaners and shellers offer for farmers' stock peanuts. The program assures growers that regardless of what cleaners and shellers offer, there will be a market for their crop at prices substantially higher than oil market values.

Of the approximately 28,000 tons purchased by oil millers in October, about 7,000 tons (1.3 per cent of the total indicated crop) were actually crushed in that month. The remainder is being held for crushing in later months.

Virtually all of the crushing during October and most of the purchases for crushing took place in the Southeastern peanut area. In that area, approximately 16,250 tons of Runner type peanuts and 11,500 tons of Spanish type were purchased for crushing. Of these, approximately 4,000 tons of Runners and 3,000 tons of Spanish were crushed during October.

Actual crushing of farmers' stock peanuts in the Southeast in October included about 4.4 per cent of the Runner crop and about 1.7 per cent of the Spanish crop of that area. Total purchases of the Southeastern crop for crushing, including peanuts actually crushed during October, constituted about 18 per cent of the Runner production and 6.6 per cent of the Spanish production of that area.

Reports from the Southwestern area indicate that no farmers' stock peanuts were crushed in that area during October. However, oil millers, purchased for crushing about 250 tons, or 0.6 per cent of the crop.

Very little of the current crop in the Virginia-Carolina area was marketed during October, and no appreciable quantity was purchased for crushing.

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PEANUT DIVERSION PAYMENTS AVAILABLE TO MILLERS

Manufacturers of peanut oil may receive payments, under the Agricultural Adjustment Act, for diverting farmers' stock peanuts which they have purchased this year into the manufacture of oil instead of into other commercial channels. Official announcement of the proposal of the Secretary of Agriculture to make such payments has been made by the Agricultural Adjustment Administration.

The proposal is part of the program for adjusting production of peanuts and is designed to balance the supply of peanuts for shelled goods to the effective demand for these goods. Similar "diversion" payments for growers have previously been provided for under the program.

The proposal announced today covers farmers' stock peanuts grown in 1934, purchased and processed after October 1 of this year. It will not cover peanuts which are sold under agreements by the growers to sell their stock for diversion into oil manufacture, in return for which diversion growers may receive diversion payments.

The payments to manufacturers announced in the proposal will be at the rates of (1) \$16 per ton for farmers' stock peanuts of Virginia type; (2) \$12 a ton for farmers' stock peanuts of Spanish type, and (3) \$8 a ton for farmers' stock peanuts of the Runner type.

The announcement issued by the Adjustment Administration officials in charge of the peanut adjustment program, is as follows:

"The Secretary of Agriculture proposes, pursuant to the Agricultural Adjustment Act, to make payments to any manufacturer of peanut oil for purchasing Farmers' Stock Peanuts grown in the year 1934 and diverting such peanuts from their normal commercial channels by using them for the manufacture of peanut oil, provided (1) that such purchases and manufacture are carried out on or after October 1, 1934; (2) that such peanuts are not sold by the growers thereof subject to agreement on the part of the purchaser to divert such peanuts from their normal channels of trade by converting them into oil as provided by the United States Department of Agriculture, Agricultural Adjustment Administration, Form FN-4, "Oil Millers' Agreement and Receipt for Farmers' Stock Peanuts Delivered by Growers for Manufacture into Peanut Oil"; and (3) that proof of such purchases and diversions are made and payment therefor agreed to be accepted pursuant to the provisions of and in accordance with the terms and conditions of the United States Department of Agriculture, Agricultural Adjustment Administration, Form FN-7, "Oil Millers' Agreement and Application for Peanut Diversion Payments for the Purchase of Farmers' Stock Peanuts and Diversion thereof into the Manufacture of Peanut Oil".

"The payments proposed to be made by the Secretary for such purchases by oil millers of Farmers' Stock Peanuts and the diversion thereof into the manufacture of oil are as follows:

- (a) Sixteen dollars (\$16.00) per ton for Farmers' Stock Peanuts of Virginia Type.
- (b) Twelve dollars (\$12.00) per ton for Farmers' Stock Peanuts of Spanish Type.
- (c) Eight dollars (\$8.00) per ton for Farmers' Stock Peanuts of the Runner Type.

"It is contemplated that on or about December 1, 1934, the Secretary may modify this proposal with respect to the rates of payment for such diversions accomplished by conversion on or after December 1, 1934, of Farmers' Stock Peanuts into peanut oil if he believes that such modification is desirable in view of altered circumstances relating to the marketing of peanuts or peanut oil."

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TENTATIVE APPROVAL OF PECAN AGREEMENT

Minimum price provisions and pack specifications requiring that all pecans sold through trade channels be graded according to United States grade standards are contained in a tentatively approved marketing agreement for the pecan industry of North Carolina, South Carolina, Georgia, Florida, Alabama, Mississippi, Louisiana, Arkansas, Oklahoma and Texas.

The tentatively approved agreement is being sent to the industry for signature. It would be effective for a period of one year, and contains provisions for minimum prices which would raise the average weighted price

to growers approximately 2 cents a pound higher than the prevailing price of the past two years. The pecans graded in accordance with United States grade standards when bought direct from growers would sell for about 1 1/2 cents a pound higher than the ungraded or orchard-run pecans. Under the provisions of the agreement, the selling grades would be used as a basis for purchases from growers.

The agreement provides for a central board of eight members. Three members of the central board would represent the growers, two members would represent the two cooperative marketing associations, and the remaining three members would represent the independent commercial distributors. The members of the central board have been named in the agreement as follows: E. C. Butterfield, Winona, Texas, Walter Weaver, Fowl River, Ala., and Harold McCord, Albany Ga., represent the growers, Paul J. Brown, Albany, Ga., represents the National Pecan Marketing Association, William P. Bullard, Albany, Ga., represents the National Pecan Growers' Exchange, and Ben Adler and Thad Huckabee, both of Albany, and Slater Wight, Cairy, Ga., represent the independent commercial distributors.

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NEW YORK POULTRY REGULATIONS ANNOUNCED

Rules and regulations made by the supervisor of the New York live poultry code have been approved by Secretary Wallace. The rules and regulations are interpretations of two amendments to the code which concern weekly reports and the filing and posting of prices, and requirements for inspection of live poultry by licensed inspectors of the Bureau of Agricultural Economics, United States Department of Agriculture.

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COLORADO PEACH AGREEMENT IN EFFECT

A marketing agreement for the Colorado peach industry, under the Agricultural Adjustment Act, has been given final approval by Secretary Wallace. It became effective November 6. Because the season is over, a license for the industry will not be issued at this time. The agreement was approved to enable the industry to select a control committee and to organize for marketing next season under its provisions. The agreement provides for the proration of shipments, grading of peaches to United States standards, and the posting of prices. The license will be issued before the opening of the next marketing season.

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UNRESTRICTED PROCESSING OF OVER-QUOTA SUGARS NOW LIMITED

General processing in 1934, of over-quota sugars now held in the United States under customs custody, is not permitted under General Sugar Order No. 1, issued by the Agricultural Adjustment Administration on August 21, to permit importation and refining of raw sugar under certain limitations without charging such importations against the import quotas of the exporting areas, officials of the Agricultural Adjustment Administration have announced.

General Sugar Order No. 1 applies only to special situations arising out of sugar quota restrictions under the Costigan-Jones Act, and no over-quota sugars can be processed before January 1, 1935, unless such processing is determined, under the order, to be necessary to carry out the purpose of the Act.

The order was issued to deal with such problems as the necessity for immediately refining raw sugar damaged in transit, in order to avoid losses to shippers, and the desire of processors and importers to bring sugars into the continental United States for refining and re-export as refined sugar or in the form of manufactured goods.

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GUM TURPENTINE AND GUM ROSIN QUOTA APPROVED

A quota of 450,000 units as the quantity of gum turpentine and gum rosin to be marketed during 1935 by the processors has been approved by Secretary Wallace. Under the terms of the license for the industry, the control committee is to set the quota to be marketed each year, such quota to be subject to the disapproval of the Secretary. Approval of the recommendation makes the quota effective.

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FREIGHT CUT FOR WISCONSIN-ILLINOIS DROUGHT COUNTIES

The extension of emergency freight rates on feed and livestock to nine Illinois counties and 21 Wisconsin counties has been announced by the Agricultural Adjustment Administration. The rates became effective November 7, in the counties included in the supplemental tariff designed to amend the emergency tariff effective October 1 for the drought areas.

The Illinois counties are Boone, Du Page, Grundy, Kane, Kendall, Lake, McHenry, Will and part of Cook county,

The Wisconsin counties are Barron, Buffalo, Burnett, Chippewa, Dunn, Eau Claire, Kenosha, Oneida, Pepin, Pierce, Polk, Price, Racine, Rusk, St. Croix, Sawyer, Trempealeau, Walworth, Washburn, and parts of Jefferson and Rock counties.

The emergency tariff permits shipments of hay into the designated counties at 66 2/3 percent of the normal hay rate, and forage at 50 percent of the normal rate for hay. Livestock may be shipped out of the counties for pasturing at 85 percent of the commercial rate, and may be shipped back into the counties within one year at 15 percent of the normal livestock rate.

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CHARGES AGAINST LOUISIANA RICE MILLER

Cleney Guillory, rice miller at Chataigner, La., has been ordered to show cause why his license under the general license for the Southern rice milling industry should not be suspended or revoked. The order to show cause was signed by Secretary of Agriculture Henry A. Wallace.

The order alleges that Guillory has violated the terms of the license in numerous respects, by practices involving methods and prices of purchasing rough rices and selling cleaned rice, by refusal to make required reports to the control committee and the Secretary of Agriculture, by refusal to pay the assessment of 10 cents a barrel into the marketing fund under the license, and by milling rice other than that he had himself grown or purchased.

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